

WEST VIRGINIA INFORMATIONAL LETTER

NO. 47

DECEMBER 28, 1987

TO: ALL PROPERTY & CASUALTY COMPANIES LICENSED TO DO BUSINESS
IN THE STATE OF WEST VIRGINIA

It has come to the attention of the Insurance Commissioner that some automobile insurers are using vehicle restriction lists as a basis for cancellation or non-renewal of policies.

West Virginia Code §33-6A-4 provides that an insurer may not fail to renew an outstanding automobile liability or physical damage insurance policy which has been in existence for two consecutive years or longer except for the following reasons:

- (a) breach of the obligation to pay premiums,
- (b) obtaining a policy through misrepresentation,
- (c) violation of the terms and conditions of a policy,
- (d) loss of operators license or inability to operate a motor vehicle,
- (e) conviction of or forfeiture of bail concerning certain offenses,
- (f) fault with regard to motor vehicle accidents.

The purchase by an insured of an additional or replacement vehicle which is on a vehicle restriction list is not one of the reasons for non-renewal listed in Code §33-6A-4. The Supreme Court of Appeals of West Virginia has held that the renewal protection afforded by Code §33-6A-4, "applies with regard to additional policies issued by the insurer for additional or replacement automobiles acquired by the insured, and for such renewal protection the additional policies need not have been in existence for "two consecutive years or longer." Horace Mann Insurance Company v. Shaw, 337 S.E. 2d 908, 912 (1985).

Therefore, it is improper to cancel or nonrenew a policy that has been in effect two consecutive years or longer on the basis of a vehicle restriction list.

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INSURANCE COMMISSIONER